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1407 W. North Temple, Suite 310
Salt Lake City, Utah 84116

October 12, 2015

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**Re: CASE NO. PAC-E-15-12
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN
POWER FOR APPROVAL OF CAPACITY DEFICIENCY PERIOD TO BE
USED FOR AVOIDED COST CALCULATIONS**

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Rocky Mountain Power's Application in the above-referenced matter. Workpapers are included on the enclosed CD.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Jeffrey K. Larsen
Vice President, Regulation

Yvonne R. Hogle (ISB# 8930)
1407 West North Temple, Suite 320
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Attorney for Rocky Mountain Power

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE
APPLICATION OF ROCKY MOUNTAIN
POWER FOR APPROVAL OF CAPACITY
DEFICIENCY PERIOD TO BE USED FOR
AVOIDED COST CALCULATIONS**

Case No. PAC-E-15-12

**APPLICATION OF ROCKY
MOUNTAIN POWER**

Comes now, Rocky Mountain Power (“Company”) and in accordance with Order Nos. 32697 and 32802 in Case No. GNR-E-11-03, respectfully submits this Application for approval by the Idaho Public Utilities Commission (the “Commission”) of the capacity deficiency period determination to be utilized in avoided cost calculations using the Surrogate Avoided Resource (“SAR”) methodology. As more fully described below, this update identifies Rocky Mountain Power’s capacity deficiency period of summer 2024 and explains how the deficiency period was identified.

In support of its Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is authorized to do and is doing business in the state of Idaho. The Company provides retail electric service to approximately 75,400 customers in the state and is subject to the jurisdiction of the Commission. Rocky Mountain Power is a public utility in the state of Idaho pursuant to Idaho Code § 61-129.

COMMUNICATIONS AND SERVICE OF PLEADINGS

2. Communications regarding this Application should be addressed to:

Ted Weston
Yvonne R. Hogle
1407 West North Temple, Suite 330
Salt Lake City, Utah 84116
Telephone: (801) 220-2963
Email: ted.weston@pacificorp.com
yvonne.hogle@pacificorp.com

Brian Dickman
825 NE Multnomah, Suite 600
Portland, Oregon 97232
Telephone: (503) 813-6484
Email: brian.dickman@pacificorp.com

In addition, the Company respectfully requests that all data requests regarding this matter be addressed to one or more of the following:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

BACKGROUND

3. In Order No. 32697 the Commission directed that a case be initiated outside of each utility's Integrated Resource Plan ("IRP") filing to establish the capacity deficiency period to be used in the utility's SAR methodology:

"We find it reasonable and fair to subject each utility's determination of capacity deficiency to further scrutiny. Therefore, when a utility submits its Integrated Resource Plan to the Commission, a case shall be initiated to determine the capacity deficiency to be utilized in the SAR Methodology. The capacity deficiency determined through the IRP planning process will be the starting point, and will be presumed to be correct subject to the outcome of the proceeding."¹

¹ Order No. 32697, p. 23.

4. In Order No. 32697, the Commission acknowledged that “some determinations made within the IRP process have an impact on calculations under the SAR and IRP methodologies. Specifically, the IRP process determines when the utility will experience a need for new capacity.”² The Commission ordered that payments to qualifying facilities (“QFs”) should recognize the utility’s capacity needs, stating:

“In calculating a QF’s ability to contribute to a utility’s need for capacity, we find it reasonable for the utilities to only begin payments for capacity at such time that the utility becomes capacity deficient. If a utility is capacity surplus, then capacity is not being avoided by the purchase of QF power. By including a capacity payment only when the utility becomes capacity deficient, the utilities are paying rates that are a more accurate reflection of true avoided cost for the QF power.”³

REQUEST TO ESTABLISH SAR DEFICIENCY PERIOD

5. On March 31, 2015, Rocky Mountain Power filed its 2015 IRP with the Commission. The 2015 IRP includes the results of the Company’s capacity balance in Table 5.14 on page 81. The capacity balance is calculated for summer peak loads only, with the summer peak occurring annually in July. The capacity balance is developed by determining firm resource capacity available at the annual system peak load hour, including the Company’s firm access to imports from the wholesale market (or “Front Office Transactions”), less the system obligation and a 13 percent planning reserve margin. The 2015 IRP shows that the Company first becomes capacity deficient in 2020. Available system capacity is increased in the summer of 2021 with the expiration of a legacy exchange contract, and the system falls short again in 2023. A summary of the system capacity loads and resources are provided in Table 1 below.

² Order No. 32697, p.23.

³ Order No. 32697, p.21.

Table 1
2015 IRP - System Capacity Loads and Resources without Resource Additions

Calendar Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
System (MW)											
Total Resources	10,568	10,043	10,143	10,217	10,144	10,124	10,486	10,446	10,458	10,425	10,310
Obligation	10,104	9,930	10,089	10,225	10,333	10,452	10,569	10,674	10,788	10,832	10,897
Reserves	1,333	1,310	1,331	1,349	1,363	1,378	1,393	1,407	1,422	1,428	1,436
Obligation + Reserves	11,437	11,240	11,420	11,573	11,696	11,830	11,963	12,081	12,210	12,259	12,333
System Position	(869)	(1,197)	(1,277)	(1,357)	(1,552)	(1,706)	(1,477)	(1,635)	(1,752)	(1,834)	(2,023)
Available Front Office Transactions	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670
SAR Resource Sufficiency / (Deficiency)	801	472	393	313	117	(36)	192	34	(82)	(165)	(354)

6. After accounting for: a) additional power purchase agreements (“PPAs”) with QFs signed since preparation of the 2015 IRP, b) termination of QF PPAs originally included in the 2015 IRP, and c) changes to the Company’s load forecast, the updated capacity deficit first occurs in the summer of 2025. Details are provided in Table 2 below. Accordingly, the Company requests the Commission approve a capacity deficiency period for use in the SAR of summer 2025.

Table 2
Updated System Capacity Loads and Resources

Calendar Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
System (MW)											
Updated Load Forecast Impact	(25)	(51)	(56)	(16)	26	15	20	14	10	4	7
Updated Obligation + Reserves	11,412	11,189	11,364	11,557	11,722	11,845	11,983	12,094	12,220	12,263	12,340
Signed PPAs not included in IRP	0	0	213	216	214	213	212	210	209	208	206
Terminated PPAs included in IRP	(1)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)
Updated Resources	12,237	11,700	12,013	12,089	12,015	11,994	12,354	12,313	12,324	12,290	12,173
Updated SAR Resource Sufficiency / (Deficiency)	825	511	649	532	294	150	372	219	104	27	(167)

7. Table 2 shows the first capacity deficiency of 167 MW occurring in the summer of 2025. Compared to the loads and resources included in the 2015 IRP, changes in the updated load forecast are offset by additional resources from QF PPAs. The updated system capacity loads and resources in Table 2 includes the capacity contribution from 23 additional QF contracts (six located in Utah and 17 in Oregon), with a total nameplate capacity of 564 MW. In 2024 these additional PPAs contribute 206 MW to system capacity. Two QF PPAs that were included

in the 2015 IRP have since been terminated, eliminating 82 MW of nameplate capacity and approximately 12 MW of system capacity contribution.

8. Rocky Mountain Power submits that this Application to establish the capacity deficiency period meets the requirements set forth in Commission Order Nos. 32697 and 32802, and requests that the Commission approve the capacity deficiency period to be utilized in its SAR calculations.

MODIFIED PROCEDURE

9. Rocky Mountain Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201 et seq. If, however, the Commission determines that a technical hearing is required, the Company stands ready to prepare and present its testimony in such hearing.

CONCLUSION

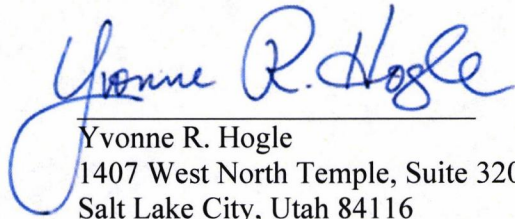
WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue an order:

- 1) authorizing this Application be processed pursuant to Modified Procedure; and
- 2) establishing the capacity deficiency period beginning in the summer of 2025, to be utilized in the Company's avoided cost determinations under the SAR methodology, as shown in Table 2 above.

DATED this 12th day of October, 2015.

Respectfully submitted,

ROCKY MOUNTAIN POWER

A handwritten signature in blue ink, reading "Yvonne R. Hogle". The signature is written in a cursive style with a large, looping initial "Y".

Yvonne R. Hogle
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